

THE CITY OF
NEW ORLEANS
LOUISIANA

A World Class Airport for a World Class City

THE FUTURE OF LOUIS ARMSTRONG
NEW ORLEANS INTERNATIONAL AIRPORT



For Decades, Indecision and Inaction

- MSY main terminal built in 1950s
- Since 1974:
 - Studies looked at 11 different site locations
 - Master Plan with alternatives developed in 1980
 - Again, in 1990s, multiple sites discussed
 - Privatization vs. publicly-owned
- Lack of action has put MSY at a competitive disadvantage



History of Previous MSY Site Studies

YEAR	PLANNING PROJECT TITLE	MAJOR ITEMS REVEALED
1974	Site Selection Study	Full development and expansion of Moisant Stock Yards, existing, site over four other candidates
1980	Master Plan	Recommendation for parallel runway, north-south in St. Charles Parish
1980	Environmental Assessment – NOIA Runway 10 Extension	Extension of Runway 10/28 into St. Charles Parish to accommodate long haul traffic
1980	Southeast Louisiana Airport System Plan	Study of regional aviation, inventory; validation of demand and recommendation for additional IFR runway at MSY
1983	LA. DoTD I-310 Corridor Study	Alternatives analysis for interstate development/provision for expansion of MSY site to accommodate future demand
1987	NOIA – Part 150 Study	Evaluation of present and future impacts of noise as MSY site, considering long term expansion at site
1989	Strategic Growth Plan	Update of 1980 Master Plan and program for expanding site development based on anticipated demand at site
1989	FAA National Capacity Enhancement Plan	
1989	Southeast Louisiana Airport System Plan	Inventory of regional aviation assets, forecasted growth and new capacity recommendations, including work at MSY
1990	RPC – NOIA Access Study	Short- and Long- term possible surface access improvements to better enable MSY site for expansion
1990	St. Charles Comprehensive Land Use Plan	Comprehensive Land Use plan anticipating and planning for expansion of MSY site
1994	Louisiana Airport Authority Strategic Evaluation	Evaluated concept of a new consolidated international airport, intermodal rail yard and cargo facility located between Baton Rouge and New Orleans – the Louisiana Transportation Center (“LTC”)
1998	NOIA Action Plan	Program of projects tailored to accomplish expansion at MSY
2001	Louisiana Airport Authority – Risk Analysis	Follow-up study emphasizing the feasibility of solely intermodal cargo at future LTC

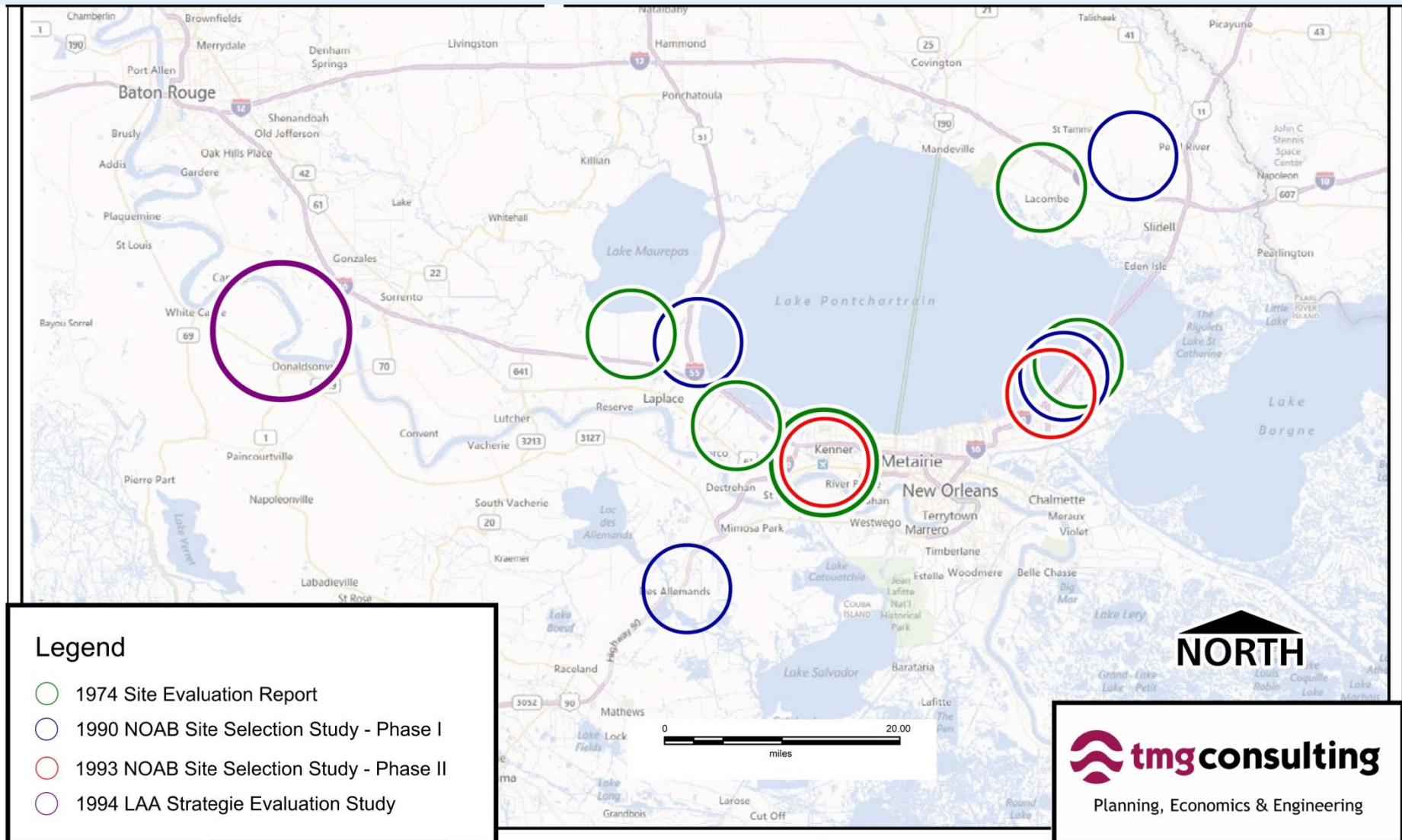


History of Previous MSY Site Studies

YEAR	PLANNING PROJECT TITLE	MAJOR ITEMS REVEALED
2002	Louisiana Airport Authority -Louisiana Transportation Center (LTC) Site Selection Study	Study and recommendation of Donaldsonville for future LTC site
2005	LED/DOTD - LTC Feasibility Analysis	State-sponsored independent assessment of the viability of LTC concept: recommending discontinuing effort
2007	LANOIA Strategic Development Plan	Identifying short-/medium-term development program and characterizing three long-term alternatives w/ new runway
2007	Issue Brief: Regional Airport Market and Economic Evaluation (Baton Rouge Area Foundation)	Armstrong site is the most cost effective site for the region while recommending low cost carrier subsidies to improve service at Baton Rouge Metropolitan.
2009	Armstrong International: Airline Service and airport facilities assessment (SERAA)	Analysis of strategic alternatives for MSY site with examples suggested of facilities upgrades, non-airline revenue diversification, cargo marketing, Latin American initiatives and possible start up opportunities
2009	LANOIA Preliminary Application for FAA Privatization Pilot Program	Preliminary submission to FAA for contracting with private operator, as an initiative to strategic investments and stabilized cost structure
2010	Celebrate Our History, Invest in Our Future (New Orleans Strategic Hospitality Task Force)	Relevant to Airport: recommends a strategic vision/plan to attract new direct air service; enhance visitor arrival experience and better taxis
2012	LANOIA Phase 2 Action Plan Update	Updating assumptions and recommending a North Terminal Option, without a new runway
2012-2013	LANOIA Long Term Development Strategic Planning Studies	Independent design, infrastructure, environmental, land use, feasibility, and planning teams coordinated to validate, revise and recommend a preferred MSY site development concept



Previous Alternate Site Studies



Post-Katrina, Two Key Decisions Made

1. Location of the Airport

- In 2007, Aviation Board decided that future development would occur on the original Moisant site
- Four potential alternatives were developed as part of 2007 Master Plan

2. Privatization ruled out

- In October 2010, the New Orleans Aviation Board passed a resolution to withdraw its Preliminary Privatization Application citing up-front costs, financial risks, loss of key City asset and market uncertainty



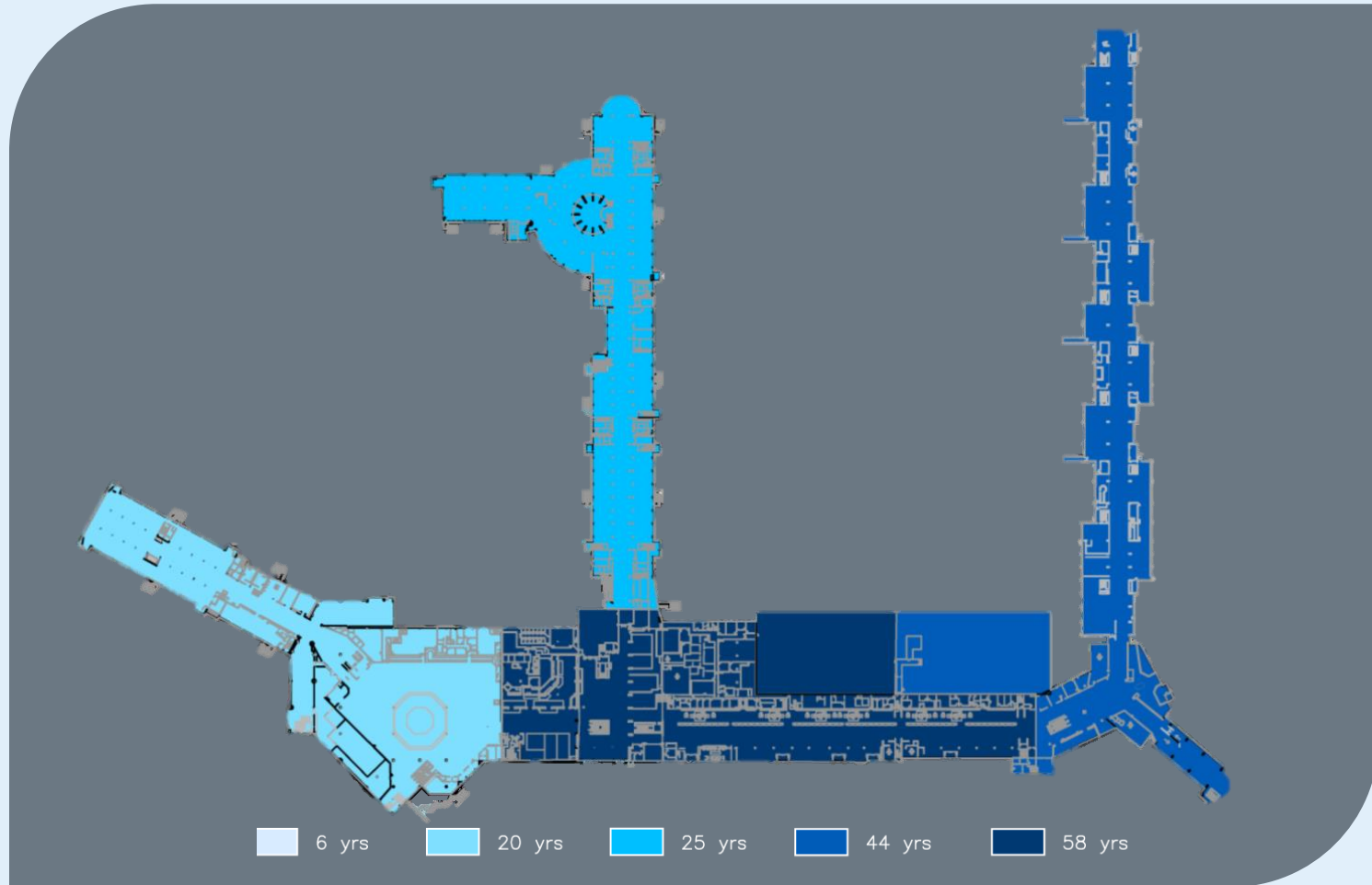
Existing Strategic Issues Remain

- Due to age and set up, current facility has high operating costs and low revenues
- Access from the interstate is limited and restricted—must access MSY via either Airport Rd. or Airline Hwy.
- As a result, cost per enplanement (CPE) to the airlines is expected to continue rising if unaddressed
- Trends are unsustainable in the long term and undermine efforts to retain and attract air service



Age of Existing Terminal in 2018

Main Terminal Facility Exceeds 50 Years



Age and Setup Challenges Drive Costs

- Aging and inefficient electrical, heating & cooling systems
- Size of building inefficient
- Maintenance and operating costs increasing over time



Lack of Consolidated Checkpoint

- MSY handles 80% of commercial traffic in the state but has 4 non-connected concourses
- Current checkpoints can be overwhelmed by large events or groups delaying passengers to their gates, while a consolidated checkpoint could process more passengers in less time
- Many connecting flights currently require re-screening



Need to Re-Configure Concessions Set up

- Currently, concessions are primarily located on outside of security check point
- Passengers spend the most time and money waiting for flights on the secure side of security check points
- Ratio of concessions both pre and post security are out of balance
- As a result, the current physical set up limits concessions revenue

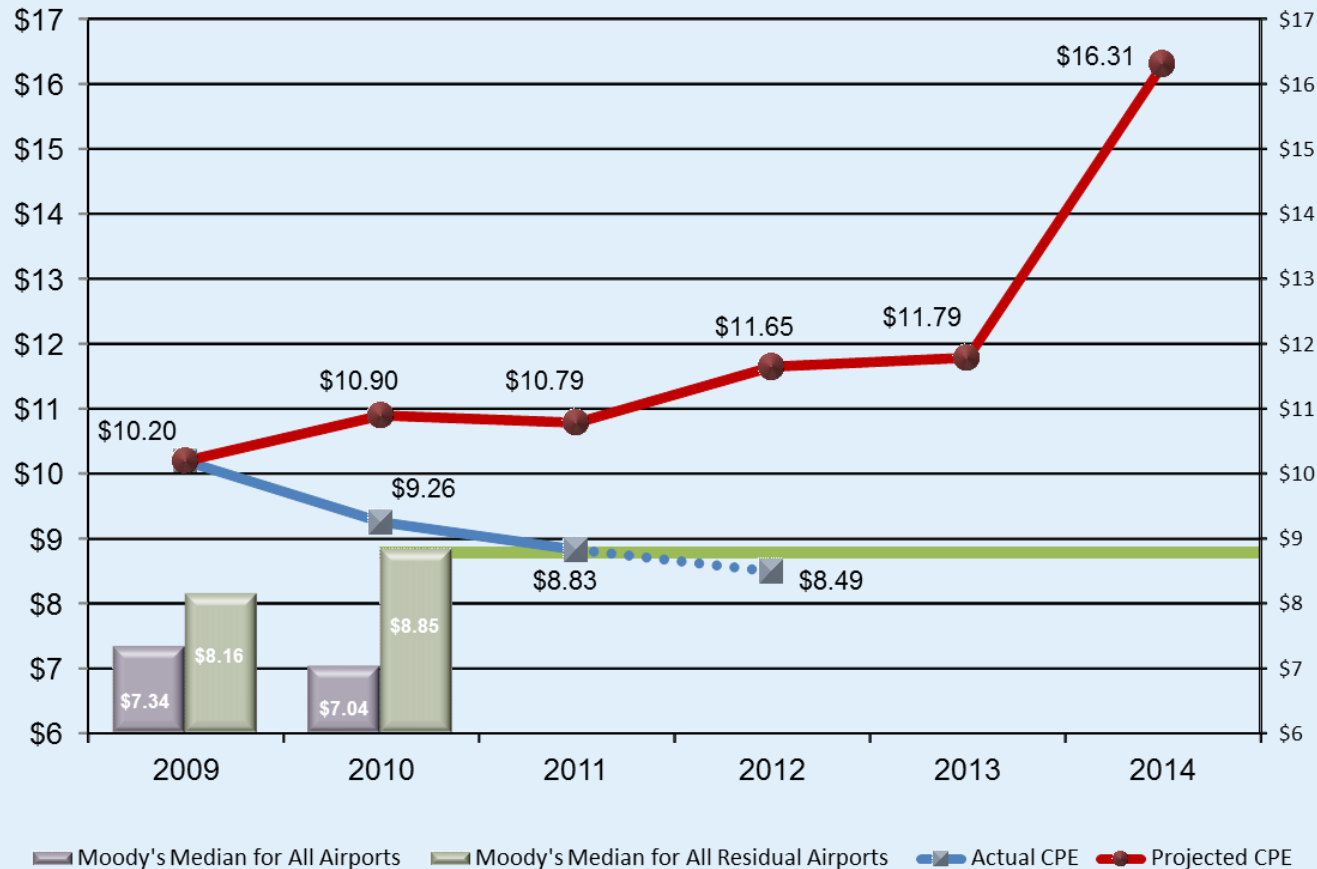


Need for In-Line Baggage Screening

- MSY lacks an in-line explosive detection system (EDS) for screening checked baggage or luggage
- Current situation results in a slow baggage processing rate and additional manual labor and costs
- Large departing groups overwhelm the system delaying bag delivery to aircraft
- EDS system will increase efficiency and reduce labor costs for handling by TSA



If Nothing Done, Strategic Disadvantages Drive the Cost Per Enplanement Up



Progress in Past 3 Years

- Reformed contracting, credit card and take home car policies
- Increased revenue and passenger totals
- Upgraded bond ratings
- Expanded air service including new airlines such as Spirit, Air Canada, and Frontier and new destinations including Kansas City, Milwaukee, San Francisco, Cancun and Toronto
- Received approval to operate charter flights to Cuba;
- Expanded its relationship with Southwest Airlines, which is increasing its flights by 35%
- Completed \$300M modernization project including food, beverage, retail and rental car improvements
- Restaurant and retail hours of operation were expanded from 8am-5pm to 5am-8pm daily.

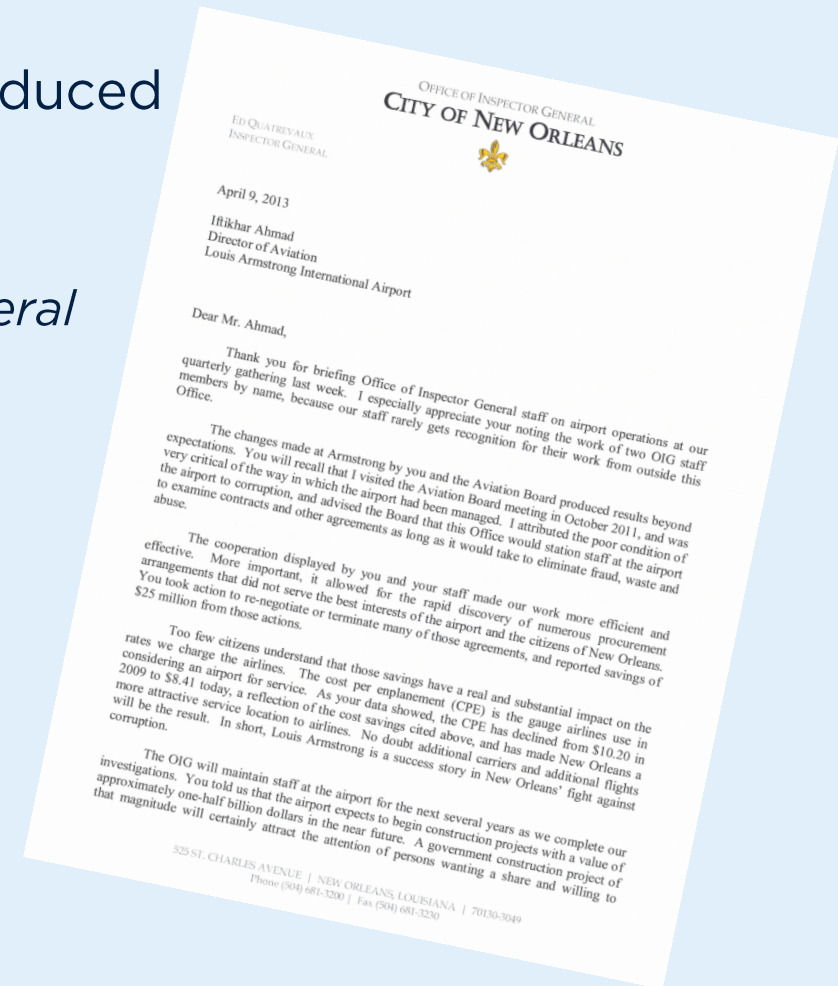


Successful Reforms at MSY

The Airport “is a success story in New Orleans’ fight against corruption.”

“The changes made at Armstrong...produced results beyond expectations.”

*-Letter from Ed Quatrevaux, Inspector General
April 9, 2013*



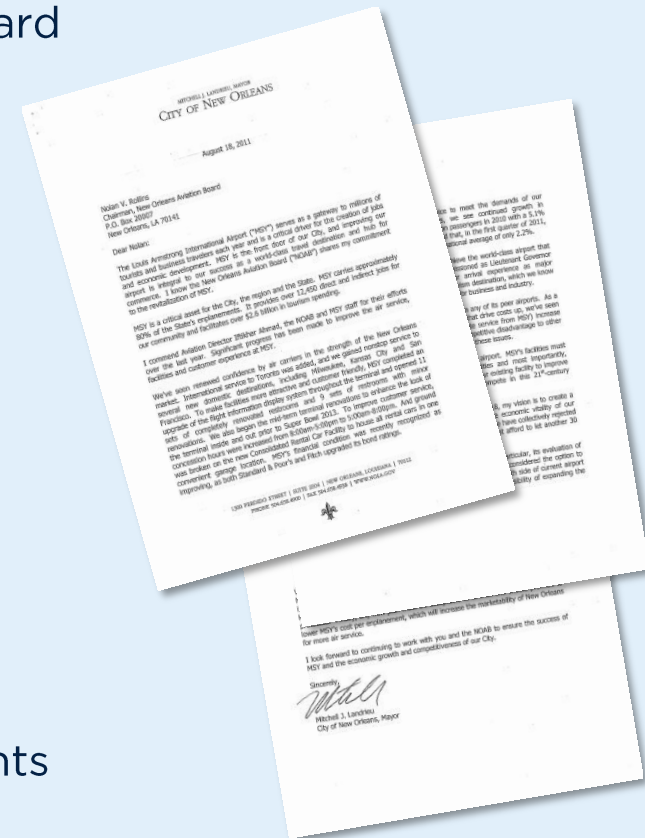
Long-Term Strategic Challenges Remain

- Goal is to create world class airport by city's 300th anniversary to help attract new business and visitors
- A reduced Cost Per Enplanement (CPE) is needed to remain competitive and to attract new flights
- To increase revenue and reduce costs, need a more-energy efficient design, overhaul of behind-the-wall terminal infrastructure, additional retail space and more parking options



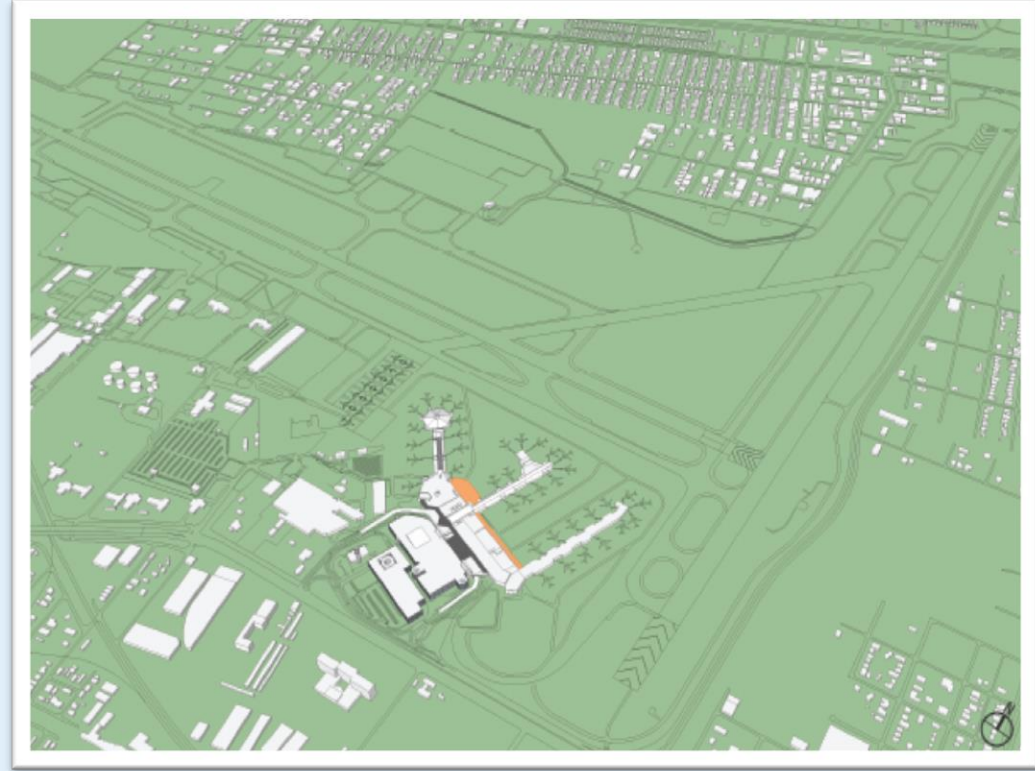
Mayor Landrieu Requests Recommendation

- In August 2011, Mayor Landrieu asked the Aviation Board to analyze four options for redevelopment
- Asks for final recommendation for action with several considerations:
 - Financial feasibility
 - Environmental Impact
 - Design
 - Operational impacts including use of existing infrastructure
- Board issued RFP for design, program management, environmental, land use, and financial feasibility consultants
- Team of airport consultants has studied alternatives since that time, with particular focus on west and north side alternatives



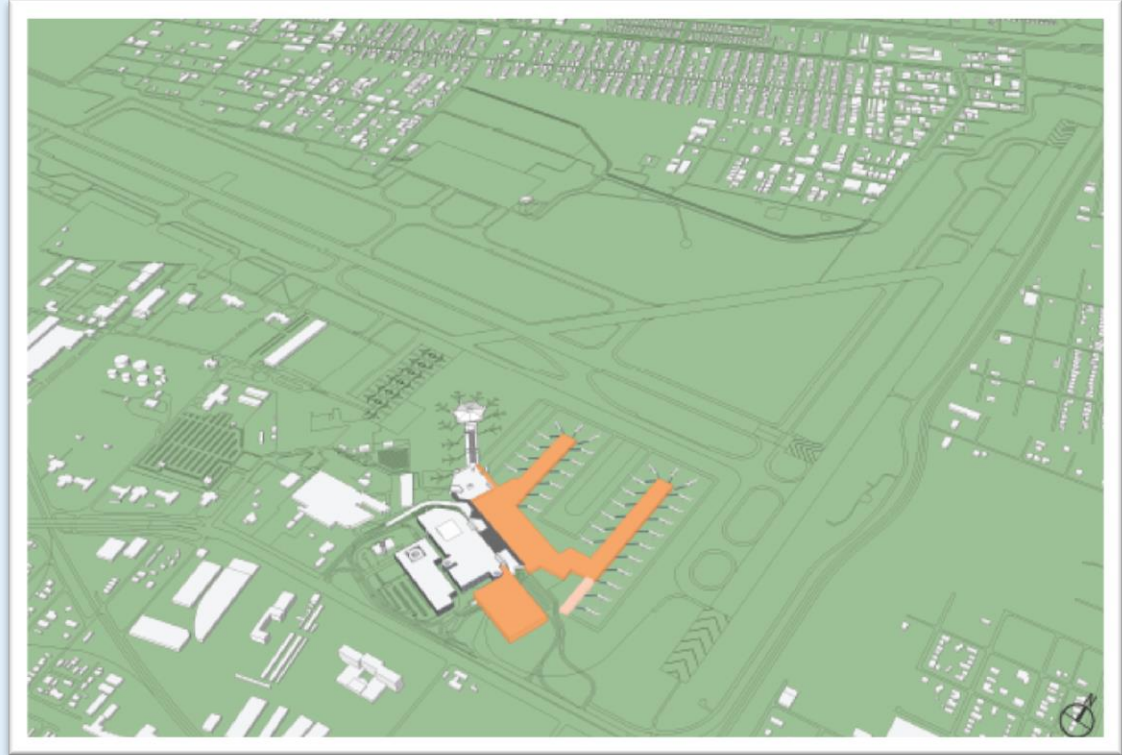
Refurbishment Alternative

- Base Construction Cost:
 - \$472M
- Estimated Construction Completion:
 - 2020
- Advantages:
 - Use of existing facilities
 - Connection to support facilities
 - Proximity to current parking
- Disadvantages:
 - Expansion capability and flexibility
 - Inconvenience to passengers
 - Does not improve access or revenue potential



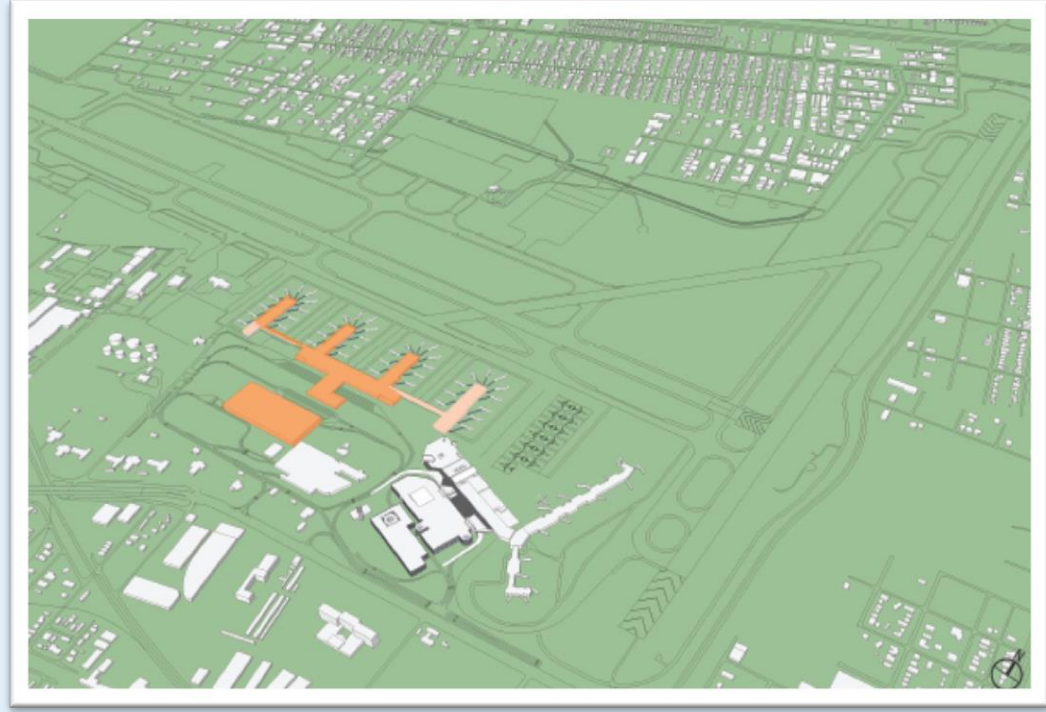
South Alternative

- Base Construction Cost:
 - \$641M
- Estimated Construction Completion:
 - 2019
- Advantages:
 - Utilization of existing facilities and airfield
 - Connection to support facilities
- Disadvantages:
 - Inconvenience to passengers
 - Does not improve access or revenue potential
 - Expansion capability and flexibility



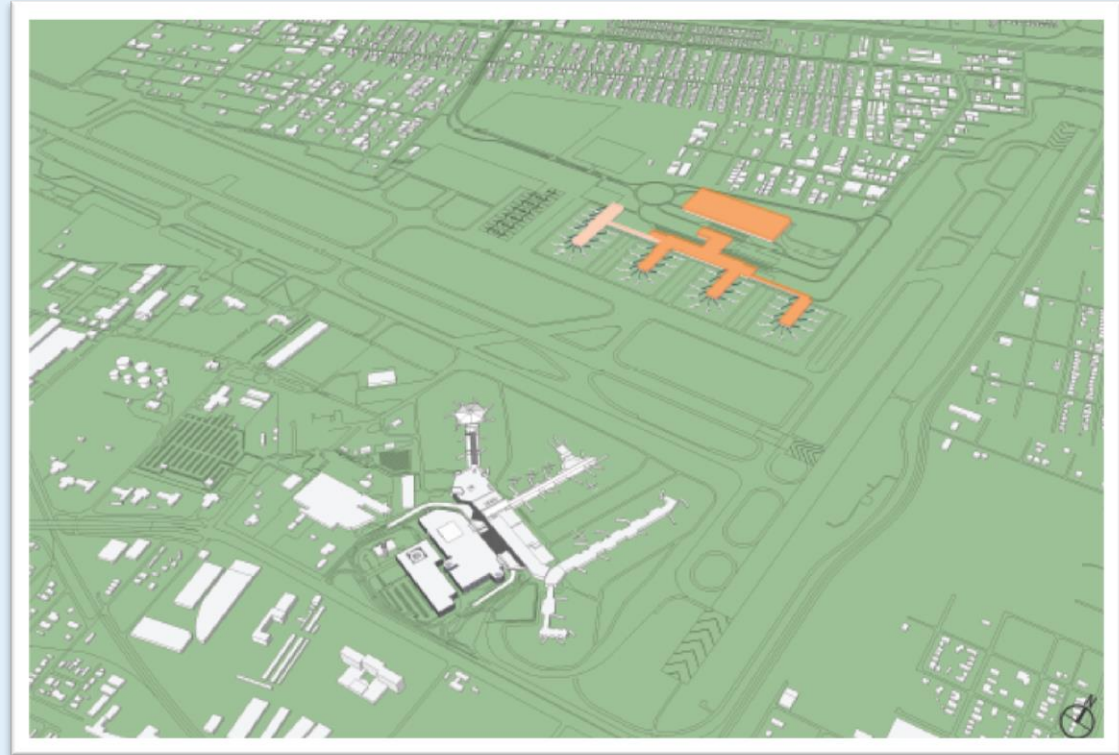
West Alternative

- Base Construction Cost:
 - \$538M
- Enhanced Cost:
 - \$723M
- Estimated Construction Completion:
 - 2019
- Advantages:
 - Provides new terminal experience and efficiency
 - Consolidated security and enhanced concessions
- Disadvantages:
 - Complexity of relocating existing facilities
 - Doesn't improve access

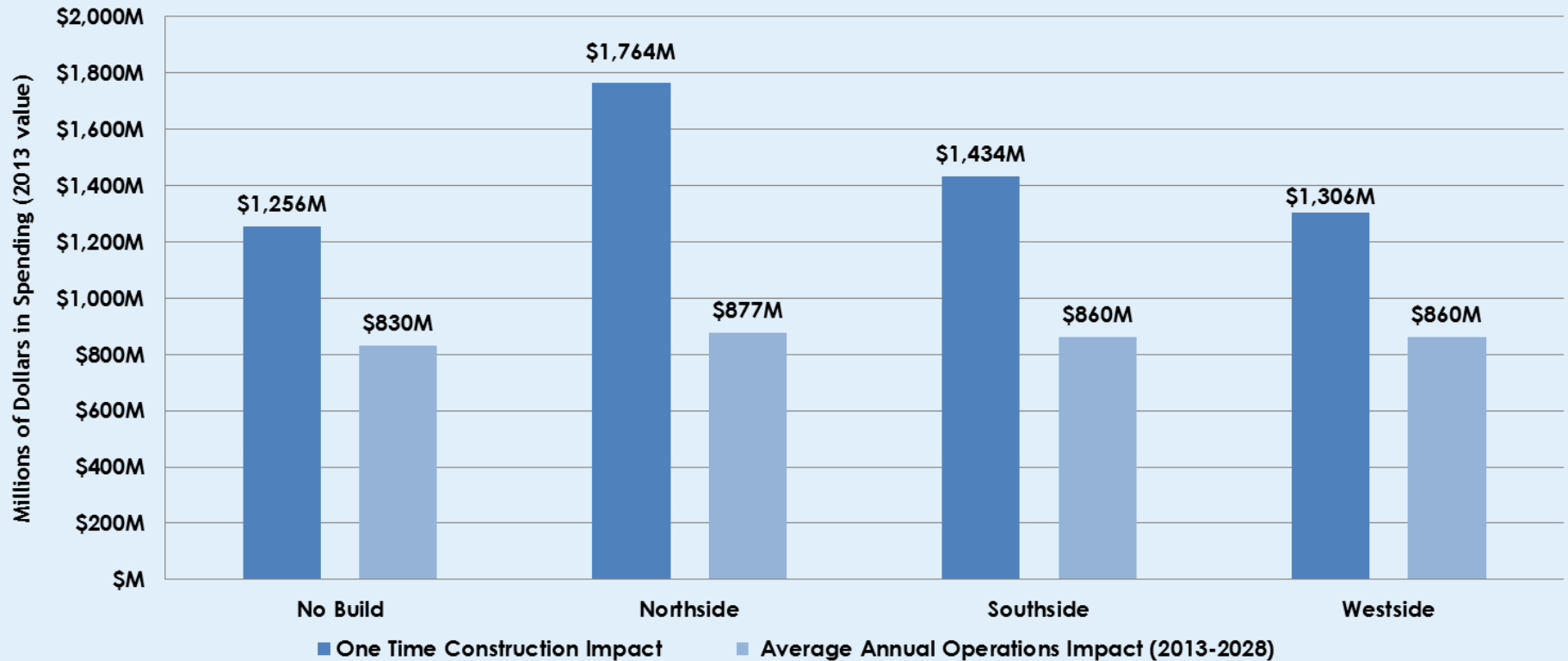


North Alternative

- Base Construction Cost:
 - \$472M
- Enhanced Cost:
 - \$650M
- Estimated Construction Completion:
 - 2018
- Advantages:
 - New terminal from ground up gives flexibility and reduces costs
 - Shortest construction time
 - New revenue potential including multimodal reuse of existing facilities
 - Improves access
- Disadvantages:
 - Connection to existing support and parking facilities



Projected Economic Impact Total Spending GDP



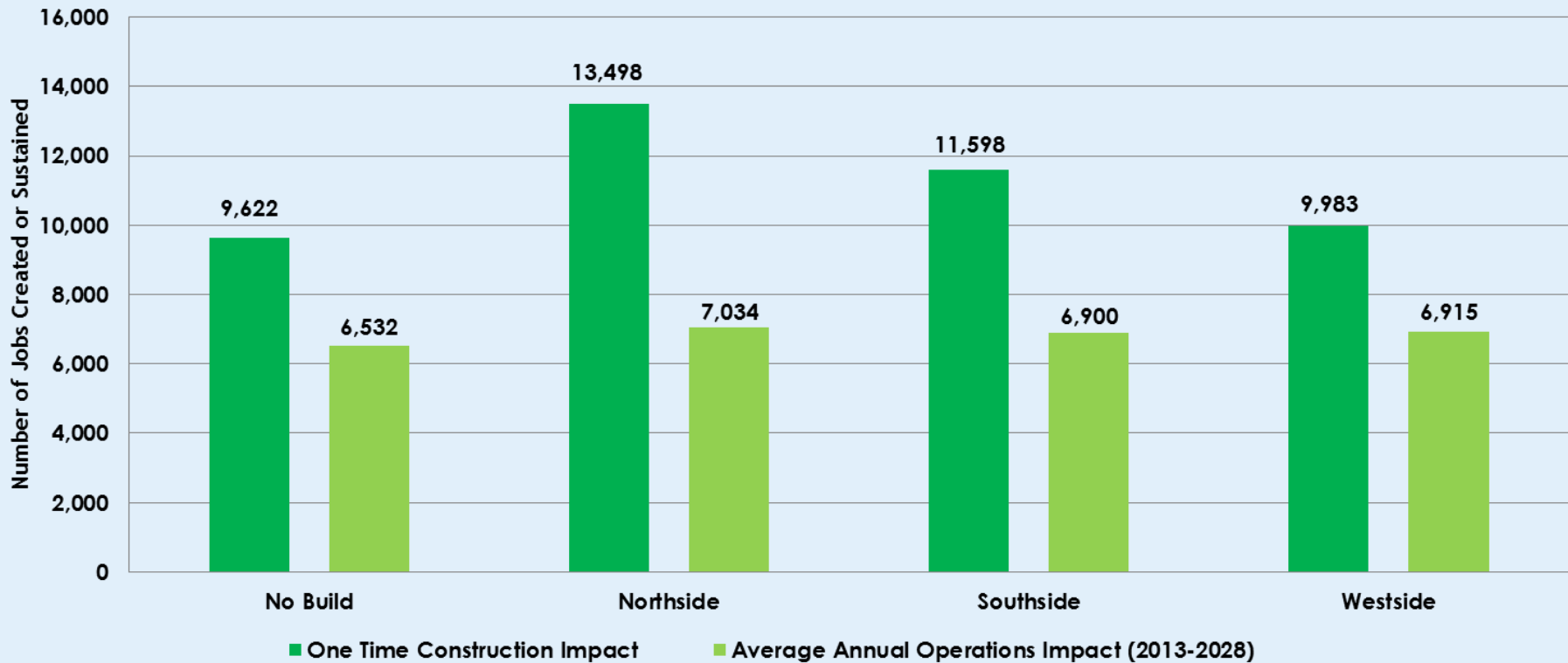
Source: LANOIA Economic Impact of Long Term Development Alternatives, TMG Consulting (March 2013)

- The Northside alternative's one time construction impact on total spending in regional economy is 39.4% greater than No Build alternative
- The Northside alternative's average annual operations impact on total spending in the regional economy is 5.7% greater than No Build
 - Average impact over the given time horizon (2013 – 2028)

22 Does not include the economic impact of tourism that is attributable to the airport

- Average annual impact from tourism is projected to be \$3,285M per year (2013-2028)

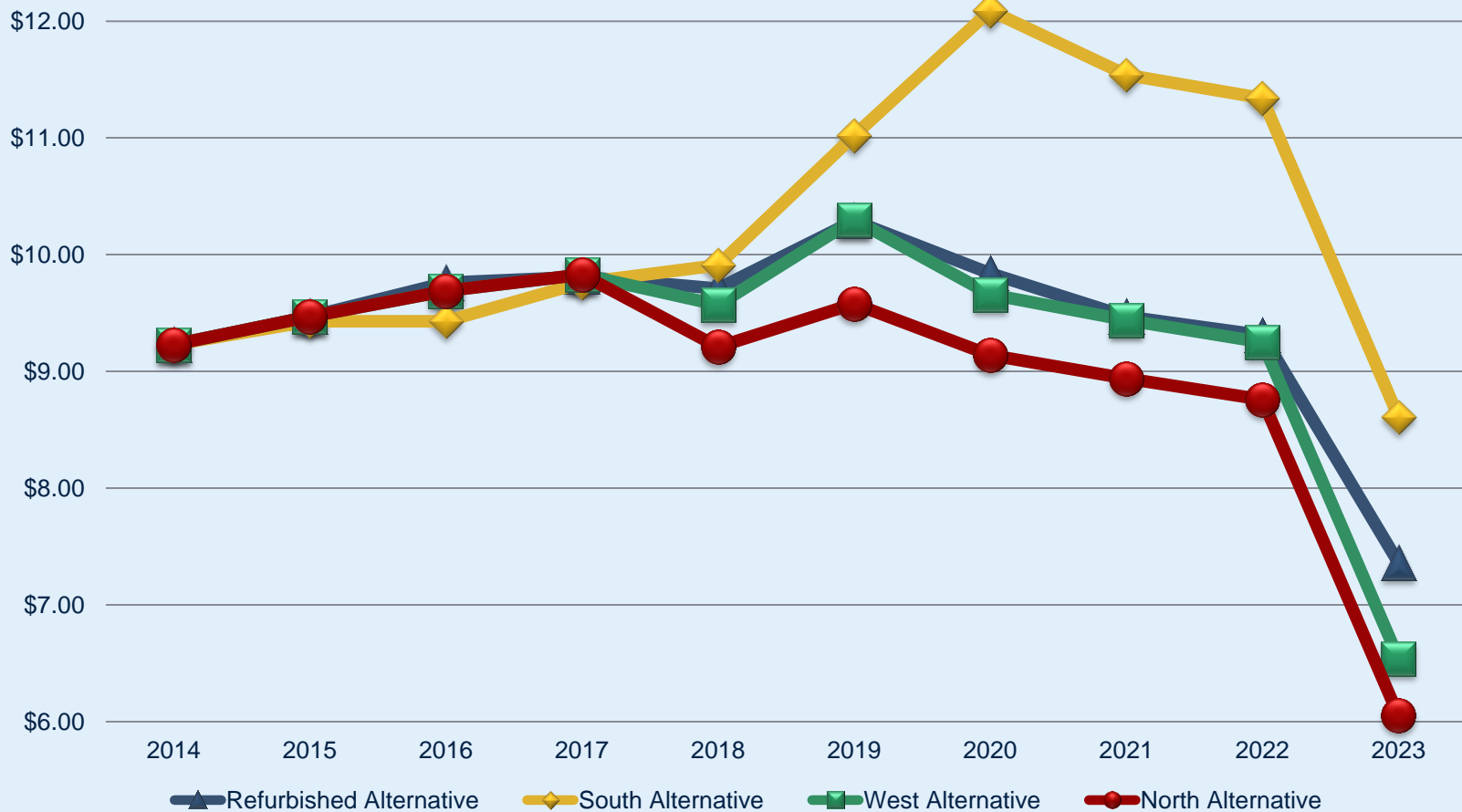
Projected Economic Impact—Total Jobs



Source: LANOIA Economic Impact of Long Term Development Alternatives, TMG Consulting (March 2013)

- The Northside alternative's one time impact on construction related jobs in the regional economy is 40.3% greater than the No Build alternative
- The Northside alternative's average annual operations impact on sustained jobs in the regional economy is 7.7% greater than the No Build alternative
 - Average impact over the given time horizon (2013 – 2028)
- Does not include the economic impact of tourism that is attributable to the airport
 - Average annual impact from tourism is projected to be 34,449 jobs (2013-2028)

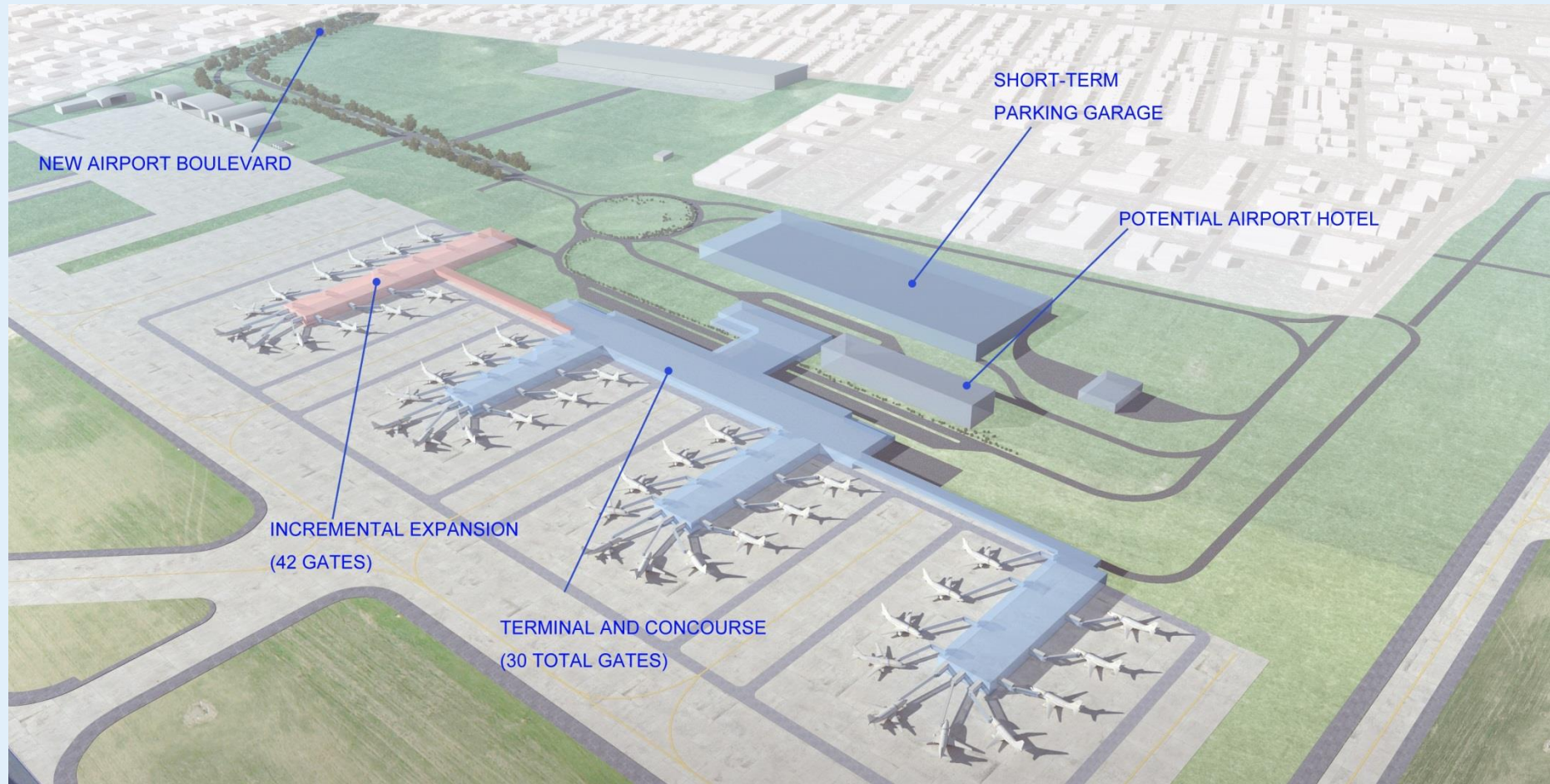
Financial Feasibility Comparison (Projected CPE)



* North alternative does not include projected revenue from general aviation development on the existing side



North Alternative Provides Best Opportunity for World Class Airport



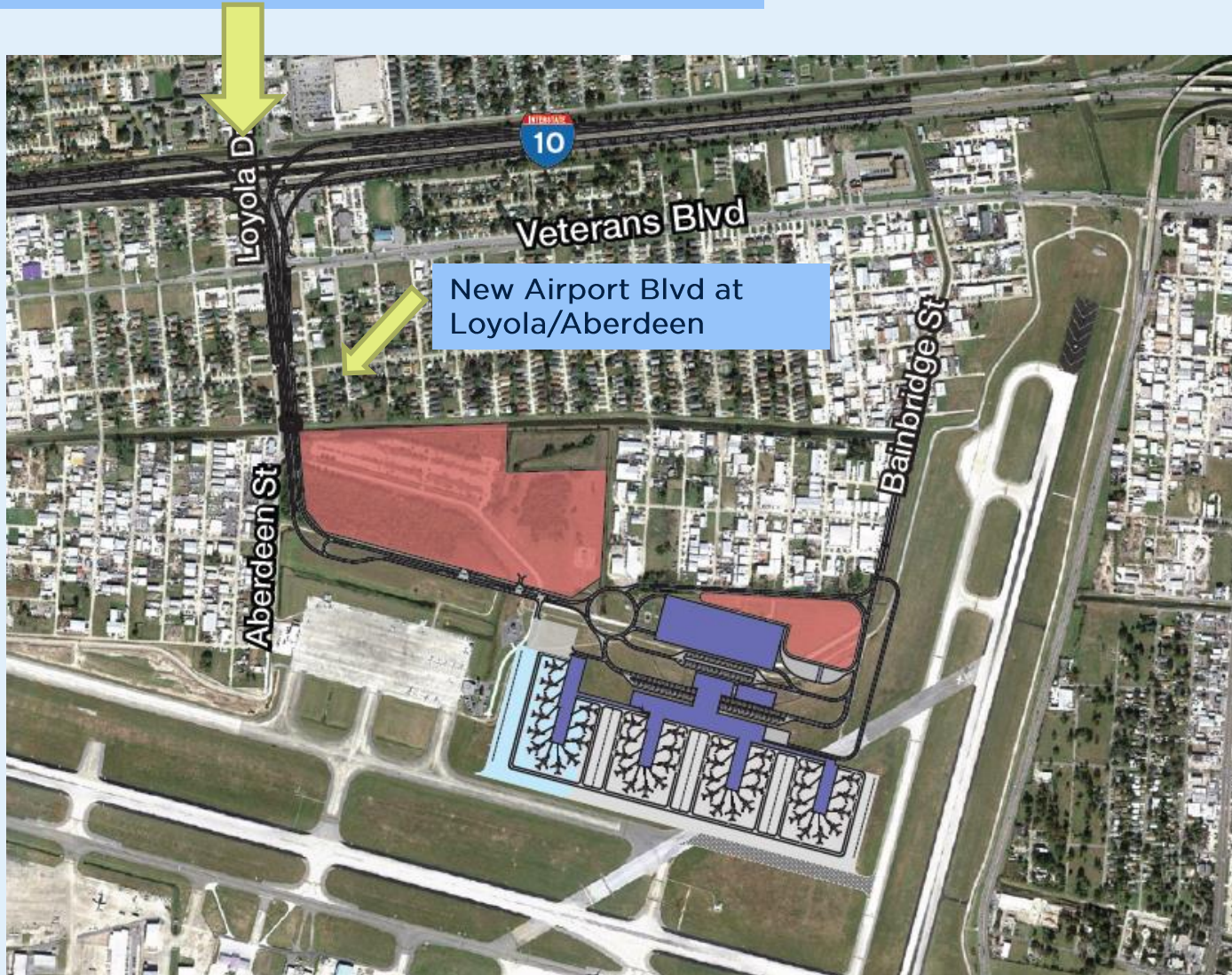
Preferred Location

- Can be built in shortest amount of time
- No land acquisition needed for new terminal
- Shortest distance from and improves access to I-10
- Least impact on passengers and operations during construction
- Creates the most jobs for the community
- Creates the best opportunity for new revenue
- Creates most potential for new economic opportunities for the region



Allows for flyover interstate access to and from Baton Rouge and New Orleans

Airport Access Directly from I-10 at Loyola



North Highlights

PROGRAM ELEMENTS

QUANTITY

Number of Gates

30

Total Terminal/Concourse

645,440 sf

5,000 sf Concessions (Pre-Security)

74,148 sf Concessions (Post-Security)

Parking Garage

3,000 spaces

Circulation Roads

12 lane miles

Airfield Terminal Apron Area

42 acres



Costs

Airport Projects

Construction & Design of North Terminal:	\$650 M
Power Plant Project*	\$ 72 M

Third Party Projects

I-10 Interchange Project**	\$ 87 M
Hotel Project	<u>\$ 17 M</u>

TOTAL CAPITAL PROGRAM	\$826 M
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* Dependent on award of State Capital Outlay grant.

** Cost of any land acquisition not included in estimated cost.



\$72 M Central Power Plant

- Environmentally responsible and innovative in energy sustainability
- Mitigates risk of commercial power failure affecting recovery efforts (e.g, Hurricanes)
- Provides predictability in financial model in support of a cap on cost per enplanement



Funding

- Funding will be paid for with the airport's self-generated funds, along with federal and state aviation funds.
- The City of New Orleans will not be funding any part of the new structure.
- By law, airport funding cannot be used off site.
- The construction is an investment in the region's future.



Sources and Uses of Funds

SOURCES	(\$ Millions)		USES	(\$ Millions)
FAA Airport Improvement Program Grants	97.05		Terminal Building	455.72
TSA Grants	21.44		Airfield and apron	40.45
LA State Aviation Fund Grants	26.74		Site Prep, Utilities, and Infrastructure	87.37
Passenger Facility Charge Collections	207.25		Parking Structure	49.05
General Airport Revenue Bonds	267.53		Airport Roads	17.41
NOAB Capital Funds	30.0			
City of New Orleans	0.00			
TOTAL	650			650



Repurposing Existing Airport Presents New Opportunities for Commerce

- The existing terminal will remain in use as a commercial airport during the construction of the new terminal.
- Concepts for the re-use involve general aviation, cargo facilities, light industrial and office.
- This option also opens possibilities to capitalize on rail and multimodal access.



Land Use Plan Current



Land Use Plan North Terminal w Adaptive Reuse

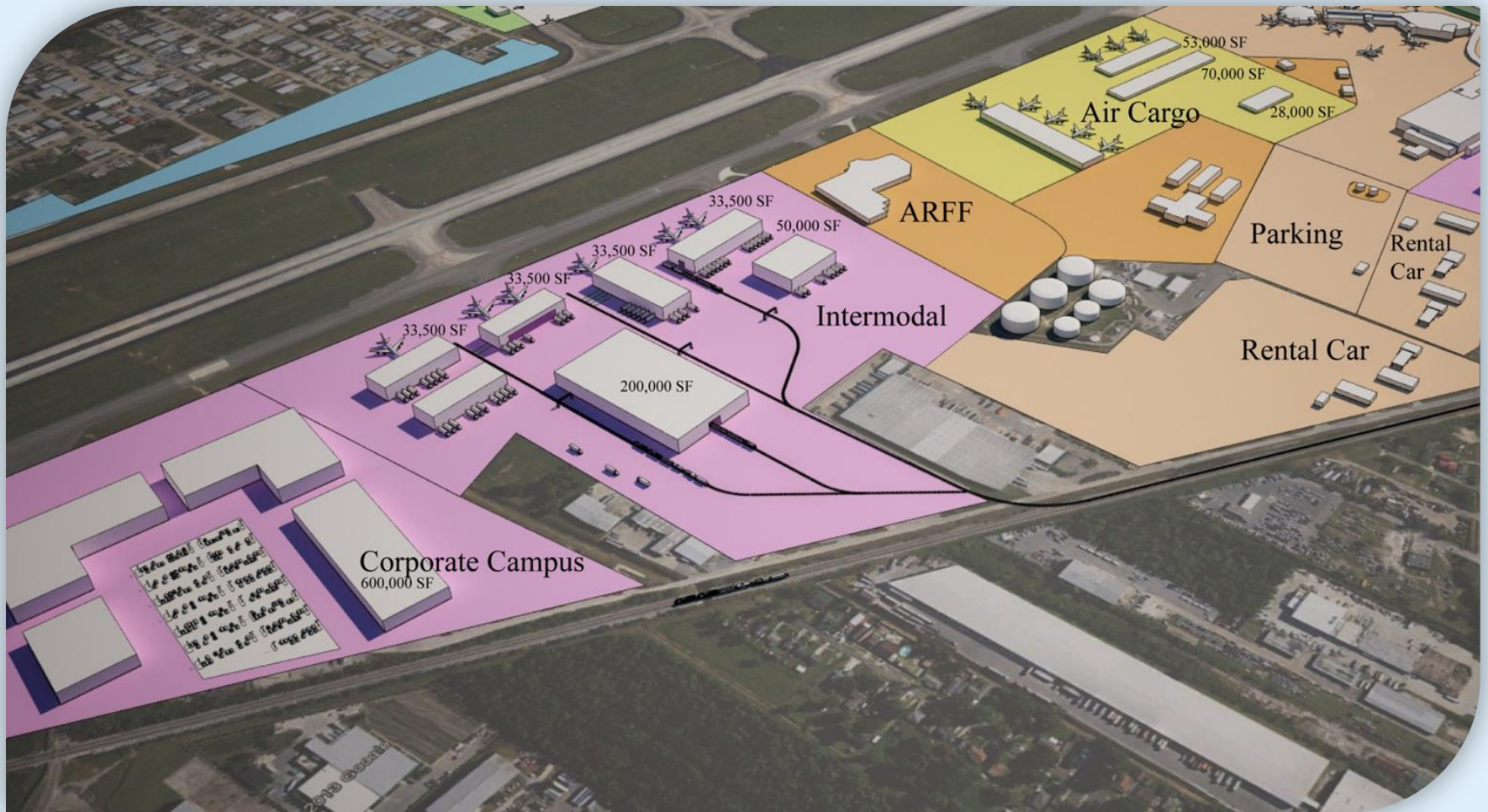


Land Use Plan

Adaptive Reuse of Existing Terminal



Land Use Plan Intermodal Capabilities



Questions

